



AIG ENVIRONMENTAL®

Environmental Insurance Solutions for Brownfields

Reclaiming Wisconsin

In today's high-priced real estate market, brownfields redevelopment is a tremendous opportunity for real estate developers to turn a property around and potentially make a lucrative profit. However, environmental concerns can become a stumbling block to managing that opportunity. According to the Wisconsin Department of Natural Resources (WDNR), there are an estimated 8,000 brownfields sites in Wisconsin alone. Many of these prime development properties were abandoned by their owners or remained underutilized due to concerns about long-term environmental liability.

The Wisconsin Brownfields Insurance Program (WBIP) is an environmental insurance program offered exclusively through AIG Environmental for Wisconsin developers, businesses, and local governments. The program is designed to help protect against unknown environmental liability.

Specialized Insurance Programs Tailored for Wisconsin Developers

The new WBIP program was created by the Wisconsin Legislature as an optional redevelopment tool for developers, businesses, and local governments. At the heart of the WBIP program is AIG Environmental's Pollution Legal Liability Select® (PLL Select®) insurance policy which has been tailored in coordination with the WDNR to help meet the specific environmental insurance needs of Wisconsin brownfields stakeholders. The WBIP endorsement to the PLL Select® policy is a flexible, strategic insurance tool designed to help manage environmental risk and has several important benefits including:

- A menu of coverages, and certain coverage enhancements pre-negotiated with WDNR, tailored to help meet the needs of Wisconsin brownfields developers;
- Reduced premium rates (10% discount off AIG Environmental premium rates);
- Streamlined underwriting and negotiation process.

The policy may also be used as a risk management tool to help assure a prospective lender that certain environmental liabilities are being managed through an insurance policy, subject to its terms and conditions, once the policy is in effect.

The Voluntary Party Liability Exemption (VPLE) is a process by which parties can voluntarily conduct an environmental investigation and cleanup of a property. Any individual, business or unit of government that conducts the environmental investigation and cleanup of a contaminated property – following state requirements with the oversight of the WDNR staff – can receive an exemption from future environmental liability. This liability exemption applies to releases of hazardous substances that occurred before the exemption is granted. The VPLE is found in section 292.15 of the Wisconsin Statutes and is implemented by the WDNR.

Examples of Coverage Available Under the WBIP:

- Coverage for unknown pre-existing pollution conditions, i.e., cleanup of contamination that may have been missed during the Phase 1 and Phase 2 and any other investigation(s).
- Coverage for "re-openers" after sites have received a Certificate of Completion or a case closure letter from the WDNR.
- A standard policy term of 5 years with options for longer (up to 10 years) or shorter terms.
- Coverage includes both on- and off-site, third-party property damage, bodily injury and cleanup costs resulting from pre-existing pollution conditions.
- Definition of bodily injury typically includes mental anguish and emotional distress.
- Automatic Broad Named Insured definition.
- Additional insured status for all commercial lenders who hold a mortgage interest in the Insured Property.
- The definition of "Clean-up Costs" has been modified to reflect specific environmental statutes in the State of Wisconsin.

Additional Financial Benefits

- The WBIP endorsement to the PLL Select® policy allows for creativity without redundancy or the cost and complexity of numerous endorsements.
- The flexibility of PLL Select® can provide coverage for pollution conditions due to transportation (including loading and unloading exposures associated with transportation) and non-owned disposal sites.

What Properties Are Eligible?

Properties at different stages of the investigation and cleanup process can apply for insurance through the WBIP program; while most eligible sites are likely to be in the Voluntary Party Liability Exemption (VPLE) process (see sidebar), coverage is also available for sites not in the VPLE process. However, such sites must be currently receiving WDNR oversight of their site investigation and cleanup process.

Application Process

- Work with your insurance broker to request coverage for your property.
- At a minimum, a Phase 1 and Phase 2 environmental site assessment must be conducted and submitted to the WDNR for review along with the appropriate state oversight fee.
- For more complex sites, a site investigation may need to be completed and WDNR's approval obtained prior to the finalization of a request for insurance.
- Once reviewed by WDNR, the WBIP applicant submits the DNR review letter, technical documents, and insurance application to AIG Environmental.

For More Information

For more information about the WBIP:

- Visit the WDNR website at: <http://dnr.wi.gov/org/aw/rr/hbrownfields/wbip.htm>
- Call Michael Prager with the WDNR – 608-261-4927 or email him at Michael.Prager@Wisconsin.gov;
- Contact AIG by calling 1-800-348-4314, Department WBNF, or go to www.aigenvironmental.com; or
- Contact your insurance broker.



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